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SUBJECT: Visit of Professor Jeffrey Sachs to Brazil

¶1. Summary. During a December 12-13 visit to Brasilia and Sao Paulo, noted economist Jeffrey Sachs met with high-level government policymakers, NGO representatives, and business representatives. In his meetings with Brazilian interlocutors, Sachs stressed that the U.S. and Brazil need to find a way to work together to tackle key problems such as poverty, development, climate change, disease, and deforestation. He emphasized the interrelated nature of all these issues and suggested that the two governments look to partner to help Luso-phone Africa deal with these problems. In his public remarks to the media and the business community in Sao Paulo, the Ambassador underscored the responsibility of the private sector to promote development through training and education. The Sachs visit was extremely helpful to the Mission in bringing to the fore the United State's desire to move forward on the pressing environmental and development issues within this hemisphere and the Third World. By highlighting our desire to build bridges between our two countries, this kind of programming is invaluable to our efforts to improve the image of the U.S. abroad. End Summary.

Meeting with Presidential Advisor Marco Aurelio Garcia

¶2. In his December 13 meeting with Presidential foreign policy advisor Marco Aurelio Garcia, Sachs focused on (1) sustainable development cooperation efforts between the U.S. and Brazil, particularly in Africa, (2) the role of both bio-fuels and effective malaria prevention as components of these efforts, and (3) a post-Kyoto system for climate control that involves incentives for avoidance of de-forestation. He sought Brazilian involvement in all of these areas, in conjunction with UN, bilateral or private projects, and emphasized that Africa looks to Brazil and Lula for leadership, expertise and technology assistance.

¶2. On malaria, Sachs previewed his participation in President Bush's Prevention of Malaria Initiative (PMI), reviewed the gravity of the malaria threat in Africa (two million dying per year), and also noted Brazil's substantial malaria problem. For very low cost in comparison to the potentially profound benefits, prevention projects (e.g., distribution at low cost of thousands of bed nets) and innovative pricing/distribution of modern medicines could --

"from one day to the next" -- make a drastic difference in Africa's malaria problem, he declared.

¶13. According to Sachs, bio-fuels technology also offers enormous hope and promise in Africa, and here Brazilian leadership and technology are absolutely key. Biofuels offers the potential for employment, industrialization, profitable agriculture, and business - all elements that, like health, are essential to the village-based development model Sachs' Millennium Project has implemented with success in some African states. Creating a "payment stream" to provide incentives for poor countries to avoid deforestation is also a transformational concept that ought to be implemented, Sachs continued, noting that Brazilian leadership here would also be crucial.

¶14. Sachs proposed Sao Tome as one micro-state in which low cost but thoughtfully coordinated initiatives in both malaria and bio-fuel development would literally transform the country in a short period. Mozambique, on a much larger scale in terms of bio-fuel capacity, is another nation receptive to, and ripe for, transformational programs. Sachs urged consideration of U.S.-Brazil joint efforts in both states.

¶15. Garcia replied that Africa is a major element in contemporary GOB foreign policy; he noted the recent Brazil-Africa summit, multiple Lula visits to Africa, and the fact that 20 African heads of state have visited Brazil. Lula sees Africa as an important vocation for Brazil, not only Lusophone Africa, he said, with African countries looking to Brazil for leadership and help.

¶16. Garcia said Brazil would welcome "trilateral cooperation" projects with the U.S. in Africa. In health, Brazil is planning a factory in Africa for the production of HIV medicines and the GOB is

BRASILIA 00002678 002 OF 003

also focused on malaria there. He noted that he had visited Sao Tome, and opined that the tiny country is "completely dominated by malaria." But "with just 20 million dollars you could end the problem there once and for all."

¶17. On bio-fuels, Garcia reviewed the integral role in Brazil's energy matrix now played by various forms of bio-fuels. He discussed Brazil's evolving program to provide tax breaks to bio-diesel producers who purchase raw product from family farms - e.g., a small bio-diesel plant with 20 or 30 employees can generate rural employment for around 20,000 people. In Africa, the potential for such projects would be highly promising, both in terms of energy and economic development, and for employment - especially keeping people gainfully employed in the countryside, and away from the chaotic cities.

¶18. Sachs replied that Brazil's timing and ideas are perfect, and Sao Tome and Mozambique would be excellent starting points for collaborative efforts. He urged the GOB to send a high-level delegation to the January African Union meeting in Ethiopia, where these issues could be discussed with interested nations.

Meeting with Chief of Staff Dilma Rousseff

¶19. Sachs reviewed the same prime issues with Rousseff: i.e., cooperation on malaria and bio-fuels in Africa, the President's Malaria Initiative, and de-forestation.

¶10. On malaria, the Brazilian Health Minister and his malaria program director were also present in the meeting, and they provided information on the scope of Brazil's malaria problem. Brazil registered 500,000 cases last year, but with fewer than a dozen fatalities, they said. All states but Acre are show a decrease in malaria. The outbreaks are concentrated in Amazonas and Acre, and are spread by bites in outdoor environments, as opposed to African bites, which often occur within dwellings - hence use of bed nets has not been a priority in Brazil -- although the Health Ministry will expand their usage in the near future, Sachs was told.

¶11. Sachs expressed admiration for Brazil's leadership and technological progress in bio-fuels, and said bio-fuels are a key component for African poverty alleviation, one "that makes good development and political sense." He again proposed Sao Tome and Mozambique as good pilot states - in different ways -- for bio-fuels and health projects.

¶12. Rousseff welcomed enthusiastically Sachs' interest in cooperation with Brazil on bio-fuels and development projects in Africa. "We can make a partnership," she declared explicitly, underscoring, like Garcia, Lula's strong commitment to Africa. She noted that Lula had instructed his ministers to develop, in his second term, a structured program of assistance to Africa, and that a task force is now being formed for this. The task force will include several ministries, EMBRAPA, and Petrobras.

¶13. Rousseff discussed at some length the various types of bio-fuels in development and use in Brazil, and their applicability to different situations in developing states. For Africa, bio-diesel could be the best solution in some agricultural environments, while ethanol could work elsewhere, although ethanol requires larger scales of production for viability than bio-diesel production, which can be usefully carried out on a micro scale. Rousseff also said Brazil is looking at providing some of its successful R&D in soils and seeds to Africa - she noted that Sao Tome is located at the "continental breakage point" from which the South American continent appears over the millennia to have separated from Africa. Hence soil conditions there could be amenable to successful Brazilian soil/seed projects that have vastly increased Brazilian agricultural productivity in previously fallow areas.

¶14. Rousseff also noted the African Union Summit in Ethiopia in
BRASILIA 00002678 003 OF 003

January, and said Brazil planned to send a delegation.

Meeting with Minister of Environment Marina Silva

¶15. In his call on Environment Minister Marina Silva, Sachs expressed interest in Brazil's plan for payment for avoided deforestation (note: Foreign Ministry officials at the December 13 Common Agenda Meetings clarified that the GOB avoids the use of the term "avoided deforestation" in favor of "positive incentives to reduce deforestation emissions"). Marina Silva characterized the "positive incentive" proposal presented by Brazil at the November U.N. Framework Convention on Climate Change meeting in Nairobi as a paradigm shift, and the "challenge of the century," asserting that reductions in deforestation during the past two years are attributable to coordinated action of thirteen ministries to fight illegal deforestation. Minister Silva described the positive incentive payment program as results-based and entirely voluntary. Payments would only be made when and if a developing country succeeds in reducing deforestation beyond an agreed reference emissions rate. She described this initiative as a positive example and fruit of long-term international scientific collaboration in Brazil (note: background field science and policy analysis on this issue were supported by USAID/Brazil. Jeffrey Sachs described the positive incentive proposal as a very powerful approach to sustainable development, one that could become a signature issues in the search for practical solutions to greenhouse gas emissions, biodiversity loss, malaria outbreak, and rural poverty resulting from tropical deforestation.

Corporate Social Responsibility (CSR) Event in Sao Paulo

¶16. Late in the afternoon on December 13, Sachs spoke at the US Consulate in Sao Paulo to an audience of approximately 100 CEOs, business leaders, academicis and NGO leaders. Sachs spoke at the invitation of the Ambassador, who since his arrival in August 2006 has been committed to the development of a public-private CSR partnership between the US Embassy and the US corporate sector in

Brazil.

¶17. Sachs discussed the various roles of corporate social responsibility programs in fighting extreme poverty, promoting regional economic development and growth, investing in the individual for societal good, and maintaining economic development aligned with environmental sustainability. Emphasis was placed on the importance of investment in education and technology. Sachs also compared poverty and the economic situations of Africa, China, India and Brazil. Sachs presentation generated much interest not only with the audience present, but received extensive press coverage as well. Indeed, he granted exclusive interviews to two prominent print and television outlets. Afterwards, he attended a dinner including former president Fernando Henrique Cardoso, leading bankers, businessmen, and academics and continued the discussion there, once again stressing the role of technology and education in reducing the extreme levels of poverty in developing countries.

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